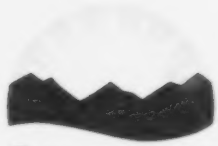
Ministry of
Small Business and
Economic Development

2004/05
Annual Service Plan Report



BRITISH
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National Library of Canada Cataloguing in Publication Data
British Columbia. Ministry of Small Business and Economic Development.
Annual Service Plan Report. — 2003/04 –

Annual.
Continues: British Columbia. Ministry of Competition, Science and Enterprise. Annual service plan report. ISSN 1705-9267.
ISSN 1710-6273 = Annual Service plan report. (British Columbia. Ministry of Small Business and Economic Development)

1. British Columbia. Ministry of Small Business and Economic Development — Periodicals. 2. British Columbia — Economic policy — Periodicals. 3. Small business — Government policy — British Columbia — Periodicals. 4. Tourism — Government policy — British Columbia — Periodicals. 5. Sports and state — British Columbia — Periodicals. I. Title. II. Title: Ministry of Small Business and Economic Development ... annual service plan report.

HC117.B7B74 354.73'09711'05 C2004-960076-1

For more information on the British Columbia
Ministry of Small Business and Economic Development
visit our Website at
http://www.gov.bc.ca/ecd/ *

Published by the Ministry of Small Business and Economic Development

* *Refer to note on page 3.*

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PLEASE NOTE: On June 16, 2005, the government ministries were re-organized to reflect the new cabinet responsibilities. Many of the website addresses and links in this printed report may have changed following the government re-organization.

- A list of the new ministries is available on the government website at http://www.gov.bc.ca — follow the links to Ministries and Organizations.
- An index of all 2004/05 Annual Service Plan Reports, with up-to-date website links, is available online at http://www.bcbudget.gov.bc.ca/annualreports/ .

Message from the Minister and Accountability Statement

The last four years have seen British Columbia's economy make significant strides forward and our success has encouraged people and businesses to reinvest and relocate to this province. As a result of this ongoing work, B.C.'s economy is now showing one of the strongest economic performances of all provinces and territories.

I am encouraged by the progress made by the Ministry of Small Business and Economic Development over the past fiscal year and the contributions made toward growing the provincial economy and creating a more competitive business climate.

In 2004/05, the ministry made important advances in its four core business areas: improving British Columbia's investment climate and competitiveness; enhancing economic development throughout British Columbia; marketing and promoting British Columbia; and B.C. Olympic Games Secretariat, sport and culture.

We are providing leadership, co-ordination and oversight for the 2010 Vancouver Olympic and Paralympic Winter Games. Through marketing and support activities, the ministry continues efforts to ensure businesses and communities province wide take advantage of the economic opportunities associated with the 2010 Winter Games. The ministry has also made efforts to help B.C. athletes and coaches reach athletic excellence in 2010 and to support arts and cultural activity leading up to the 2010 Winter Games.

Infrastructure plays a key role in readying the province for 2010, as well as building healthy communities and creating new economic opportunities. The provincial government, through the ministry, continues to fund important community infrastructure projects across B.C.

The provincial government recognizes the potential economic opportunities available as a result of our proximity to Asia. Through the ministry, government is working to encourage new investment and develop new partnerships in the growing Asia Pacific region.

The ministry continues its efforts to support economic diversification of B.C. communities. In parts of the province impacted by infestation of the mountain pine beetle, the ministry is working to develop strategies to help reduce long-term effects.

As part of government's ongoing effort to reduce regulatory burden to encourage competitiveness and innovation, progress continues to be made on the deregulation initiative eliminating thousands of regulations. While we have surpassed our one-third reduction target, ministries continue to look for ways to modernize the regulatory system.

Details of these and many other important successes for the fiscal year 2004/05 are outlined in this Annual Service Plan report. Over the coming year, the Ministry of Small Business and Economic Development will continue to build upon these achievements in our work to create a strong, prosperous and diverse provincial economy.

The 2004/05 Ministry of Small Business and Economic Development Annual Service Plan Report compares the actual results to the expected results identified in the ministry's 2004/05 Service Plan. I am accountable for those results as reported.

Honourable John Les
Minister of Small Business and Economic Development

May 26, 2005

106-00499/

Highlights of the Year

The Ministry of Small Business and Economic Development continued to contribute toward building a strong economy and business climate in B.C. through 2004/05. As the province recovered from the impacts of SARS, forest fires and avian flu crises in prior years, the economy continued to grow. In fact, according to Statistics Canada, B.C. experienced a 3.9 per cent growth in gross domestic product (a key economic indicator) in 2004, well above the 2.8 per cent national average and second highest in Canada after the Northwest Territories. Consumer spending in B.C. was also up 4.1 per cent.

Ministry's achievements for each core business areas in 2004/05 included:

Improving British Columbia's Business Investment Climate

- Worked with Ministry of Finance to amend legislation to facilitate investment and expand B.C.'s status as an international financial centre. The legislation now allows for a broader range of activities, it is no longer restricted to financial institutions or to establishments operating in Greater Vancouver. Introduced a new securities regulatory framework. When complete, the new framework will improve investor protection and make it easier for businesses to raise capital.
- Streamlined the *Small Business Venture Capital Act* to increase the availability of venture capital, to support new investment and provide more seed capital for startup businesses in British Columbia.
- Released the 2004 Major Projects Inventory lists. A total of $62 billion in projects are planned or underway in B.C. as of December 2004. This is up more than 40 per cent from $44 billion just 12 months earlier.
- As part of its ongoing commitment to reduce red tape, between June and December 2004 government eliminated 1,112 regulations. This is in addition to the 237,604 regulations eliminated between June 2001 and June 2004.
- On April 1, 2004, the ministry launched the Motor Dealer Council of British Columbia (MDC), a non-profit organization delegated by the provincial government to administer and enforce the *Motor Dealer Act* and its regulations. The MDC is one of the first examples in B.C. of the government's new approach for administering public policy through a "delegated administrative authority."
- Continued to lead efforts to press other Canadian jurisdictions to eliminate barriers to trade, investment and labour mobility.
- Continued to work closely with Alberta on developing a Bilateral Agreement on trade, investment and labour mobility to further establish B.C. and Alberta as Canada's most competitive and dynamic provinces.
- Successfully teamed with Alberta to conclude dispute resolution proceedings resulting in the removal of trade and investment barriers in other jurisdictions.

- Developed provincial positions and championed British Columbia priorities and interests in international trade. In doing this, the government was able to influence the Canadian government's international trade negotiation positions (e.g., World Trade Organization), particularly in areas of provincial jurisdiction (e.g., trade in services).
- Received agreement by the federal government, and all provinces and territories, to open up their Crown corporations' procurement to national competition.
- Successfully challenged Ontario regulations that prevented the sale of British Columbia produced dairy blends and substitutes.
- Successfully challenged federal "cost of credit" disclosure rules, to level the playing field for banks and credit unions.
- Achieved greater federal government focus on the need to improve trade and investment relations with Asia Pacific economies.

Enhancing Economic Development

- Under the joint Canada-B.C. Infrastructure Program, approved $45 million in funding for 40 community infrastructure projects across British Columbia. Since the program's inception, the federal/provincial governments contributed over $531 million towards 312 green and community projects involving total eligible costs of more than $900 million.
- Developed and delivered the provincial Community Development Initiative, which contributed $66 million towards 68 community infrastructure projects throughout the province.
- In partnership with the federal government under the Western Economic Partnership Agreement (WEPA), the Province reviewed and approved over $19.3 million for more than 40 projects that contribute to regional or sectoral economic development.
- Developed and released a comprehensive Ports Strategy, designed to chart the growth of B.C.'s ports and transportation network allowing the province to capitalize on emerging opportunities in Asian markets.
- Worked with Ministry of Finance to develop a proposal to increase film production tax credits to keep B.C.'s industry competitive with other jurisdictions.
- Released provincial film strategy "Continuing Success in the British Columbia Film Industry" and established the Film Advisory Committee to advise government on policies to strengthen B.C.'s film and TV industry.
- Launched a review of the provincial government's policy of funding regional film commissions.
- Developed a provincial position, in conjunction with industry, on air transportation policy recommendations for liberalizing domestic, trans-border services and international air services, improving airport governance, lowering airport rents and improving the viability of small airports.
- Negotiated a protocol agreement with the Yukon government on Tourism and Sport Development.
- Worked with Ministry of Community, Aboriginal and Women's Services to publish "Starting your Business: a Guide to Resources for B.C. Women."

- Developed "Starting a Small Business in British Columbia" guide and the "British Columbia Exporting and Importing Info-guide." Developed and posted to the Web the "Small Business Check-Up Tool" to assist business managers and owners to develop action plans to improve their business operations.
- Provided $250,000 in new funding to Small Business B.C. to help expand service outreach throughout the province.
- Developed and released a provincial tourism development strategy with the goal of maximizing tourism investment throughout the province.
- Committed $4.2 million towards the development of the Spirit of 2010 Trail, a trail network that will link 18 B.C. communities through converted recreational rail corridors.
- Invested $71.3 million in the expansion of the Vancouver Convention and Exhibition Centre.
- Placed staff and resources in the regions of the province to support economic growth and diversification.
- Completed the British Columbia Resort Strategy and Action Plan to expedite growth and expansion in the B.C. resort sector.
- Provided $100,000 to help finance a province-wide awareness campaign to educate British Columbians about the benefits of careers in the tourism industry, through go2.
- Provided $295,000 to Aboriginal Tourism BC to assist in the implementation of a provincial aboriginal tourism strategy.
- Provided $300,000 towards a design and engineering project for the proposed Campbell River Cruise Ship terminal.
- Provided $1 million towards the Prince Rupert Cruise terminal upgrades.
- Encouraged the federal government to open negotiations with China to gain approved destination status with China.
- With the Ministry of Advanced Education, established the Tourism and Hospitality Education and Training Consortium to foster innovation and co-operation between industry, government and post-secondary schools for tourism and hospitality training.
- Established the Cowichan Marine Tourism Authority to provide leadership for sector development in the Cowichan area.

Marketing and Promoting British Columbia

- Developed the Trade and Investment strategy, to guide B.C.'s international marketing activities and increase awareness of B.C. as an investment location and trade partner.
- Merged the Advanced System Institute and Science Council to create the B.C. Innovation Council, which centralizes government's technology development and commercialization programs.
- The Premier and minister led a mission to BIO2004 in San Francisco, with 16 organizations from B.C. to showcase B.C.'s leadership in biotechnology and its extraordinary business climate for technology enterprise.

- Developed a new flagship investment promotion package "British Columbia Canada — Your Gateway to Opportunity."
- Increased venture capital in B.C. for investment by facilitating over 130 small businesses and venture capital corporations in raising $67 million through the small business venture capital program.
- Generated significant amounts of venture capital through B.C.'s two labour sponsored funds for investments in B.C. businesses totaling $34 million in 31 businesses.
- Elevated B.C.'s marketing efforts across the Pacific through a $4 million partnership with the Asia Pacific Foundation of Canada in support of B.C.'s Gateway Initiative.
- Enhanced the profile of B.C. Exporters by partnering with the private sector to present the "2004 Export Awards" which recognized the province's top 21 exporters.
- Doubled the annual marketing budget for Tourism BC to $50 million starting in 2005/2006 and provided the Union of B.C. Municipalities with a one-time grant of $25 million for a five-year tourism marketing plan.
- Provided $12 million for regional tourism promotion ($2 million for each of the six regional destination marketing organizations) and an additional $2 million for a new Gateway Visitor Centre in Osoyoos.
- Committed $110,000 towards a $290,000 marketing and promotion project with Cruise BC.
- Provided Conventions BC with $35,000 to help promote B.C.'s five major convention centres (Victoria, Vancouver, Whistler, Penticton and Prince George) worldwide.

B.C. Olympic Games Secretariat

- Completed an integrated business plan to maximize the return on investment that B.C. is making to the 2010 Winter Games.
- Launched the 2010 Commerce Centre website, a one-stop shop for B.C. businesses to learn about Olympic opportunities and how to capitalize on those opportunities.
- Announced the establishment of B.C./Canada House in Torino, Italy, to showcase B.C.'s business, tourism and cultural opportunities during the 2006 Olympic and Paralympic Winter Games.
- Established the $25 million Arts Renaissance Fund, an endowment to strengthen and secure the long-term future of the arts and culture sector across B.C. It will be administered through the Vancouver Foundation.
- Committed to a $20 million Spirit of B.C. arts fund[1], an endowment designed to support arts and cultural activity leading to the 2010 Winter Games.
- Committed $3 million of the $20 million Olympic/Paralympic Live Sites Program fund towards the development of community Olympic event viewing venues and projects that leave a lasting Olympic legacy within the community.
- Provided $30 million in funding for the Richmond Speed Skating Oval, an Olympic venue.

- Sponsored the 2005 Men's World Cup Curling Championship in Victoria, and the World Snowboarding Championships at Whistler. Both events were an opportunity to showcase B.C.'s ability to host world-calibre events in preparation for the 2010 Winter Games.
- Provided $15 million to 2010 LegaciesNow to enhance sport development programs and support young B.C. athletes and coaches on the road to the 2010 Winter Games.
- Committed $10 million to the Canadian Olympic Committee's Own the Podium program for Canada's Olympic and Paralympic Athletes. Own the Podium focuses on identifying and training potential elite level athletes and on developing the technology and training resources to help them achieve their potential.

Ministry Role and Services

Ministry Vision, Mission and Values

Vision

The Ministry of Small Business and Economic Development envisions a vibrant economy where British Columbians have access to a variety of job opportunities throughout the province and where investors have confidence in the province's economic growth and prosperity.

Mission

The Ministry of Small Business and Economic Development promotes strategic leadership in government to create a strong, prosperous and diverse economy in all regions.

Values

The following values define the ministry's management style and govern the way it makes decisions. They guide ministry staff in interacting with each other, other government agencies, the private sector and other stakeholders.

Core Values	
Competitiveness	The ministry works towards making British Columbia the most attractive investment location in North America.
Results-Based	The ministry is a results-based organization that measures performance at both the corporate and individual level.
Shared Responsibility	The ministry is committed to working with other ministries and agencies to develop and implement actions to bring growth, job creation and prosperity to British Columbia.
Accountability	The ministry is accountable to government and the public. The ministry strives to ensure its activities deliver the targets outlined in this Service Plan.
Efficiency	The ministry delivers its programs in the most efficient manner to enhance British Columbia's competitiveness as an investment location.
Continuous Improvement	The ministry is committed to developing new and better approaches. Our approaches include working with, listing to and consulting stakeholders in all regions of British Columbia.

[1] This fund was called the Olympic Arts Fund in the 2004/05 Annual Service Plan.

Professionalism	The ministry is committed to maintaining the highest standards of innovation, quality, teamwork and developing an entrepreneurial attitude in the professional public service.
Responsiveness	The ministry strives to respond to the needs of its stakeholders in a timely and effective manner.

Introduction

Ministry Overview

The Ministry of Small Business and Economic development is the primary provincial agency responsible for initiatives and programs dedicated to creating a strong provincial economy in B.C. through economic development, international marketing, investment attraction and trade development. Activities within the ministry are focused on building a competitive business environment that encourages the private sector to invest, generate opportunities and create jobs throughout B.C. The ministry also has responsibility for the B.C. Olympic and Paralympic Winter Games Secretariat. The Secretariat is the provincial agency responsible for overseeing B.C.'s Olympic and Paralympic financial commitments and ensuring B.C.'s vision for the 2010 Winter Games is achieved.

British Columbia's prosperity is dependent on the creativity and work of its citizens, entrepreneurs and businesses, as well as the competitiveness of our economy in attracting new investment and creating jobs. The ministry's prime focus is to assist in creating a business environment that gives the private sector the confidence to invest in British Columbia. The ministry works with the private sector, other ministries, agencies, the federal government and local governments to respond to economic development opportunities that facilitate investment and job creation throughout the province.

In Fiscal year 2004/05 the responsibilities for the former Competitive Economic Policy Division merged to form an expanded Economic Development Division. The responsibility for marketing and investment was transferred from the Deputy Minister's office to the new Marketing, Investment and Trade Division. Remaining responsibilities for the Deputy Minister's Office and the Management Services Division were merged to form Executive and Support Services.

The ministry has 157 staff positions, including staff in six regions. The ministry's responsibilities are delivered through the four divisions listed below, the deregulation office and deputy minister's office:

Economic Development Division

The following two core business areas within this division are:

- Improving British Columbia's investment climate and competitiveness: This core business area focuses on undertaking analyses of economic conditions, managing policies and programs to assist small and medium-sized businesses, evaluating options for improving

British Columbia's competitiveness, establishing B.C.'s positions and policies regarding domestic and international trade issues and participating in cross-government projects to improve the province's tax competitiveness. Approximately $3,891,000 and 47 full-time equivalent staff (FTE) were dedicated to this core business area.

- Enhancing economic development throughout British Columbia: This core business area focuses on identifying projects that support economic growth and diversification throughout the province, implementing the provincial Tourism Strategy, managing programs to improve urban and rural infrastructure, administering the Western Economic Partnership Agreement, the Community Development Initiative, the Olympic/Paralympic Live Sites Program and working with investors to facilitate economic development. Approximately $19,142,000 and 13 FTEs were dedicated to this core business area.

Marketing, Investment and Trade Division

- This core business area develops and executes the Province's marketing plan. The division manages programs and provides strategic advice on investment and economic issues working in partnership with the private sector, federal government and research institutions. Division operations include international relations, investment capital, corporate investment and location service and the British Columbia Film Commission, which collectively work to position British Columbia as a preferred place for new and expanded investment and for trade. Core activities include investment and trade promotion, seeking opportunities for innovation, science and technology transfer, providing strategic advice and business intelligence and monitoring the investment landscape within and outside British Columbia. Particular focus is being placed on leveraging the 2010 Olympic and Paralympic Winter Games opportunities and the Province's Asia Pacific Gateway Initiative. The division is also responsible for the ministry's financial contribution to Leading Edge B.C. Approximately $2,806,000 and 30 FTEs were dedicated to this core business area.

B.C. Olympic and Paralympic Winter Games Secretariat, Sport and Culture

- This core business area is led by the B.C. Olympic and Paralympic Winter Games Secretariat and focuses on overseeing British Columbia's Olympic and Paralympic financial commitments and ensuring that British Columbia's vision for the 2010 Winter Games is achieved. The secretariat also provides leadership to the sport branch and the cultural services branch who administer the Physical Fitness and Amateur Sports Fund and the Olympic Arts Fund, supporting the B.C. Arts Council and providing transfers in support of cultural industries, amateur sport groups and sport and recreation projects. Approximately $30,503,000 million and 36 FTEs were dedicated to this core business area.

Executive and Support Services

- This core business area consists of the management services division, the deputy minister's office and the minister's office and focuses on providing planning and legislative support to assist core business areas to achieve their goals and objectives. Approximately $86,672,000 (including $76,300,000 in transfers to the BC Pavilion

Corporation and the Vancouver Convention Centre Expansion Project) and 31 FTEs were dedicated to this area.

The minister is also responsible for several Crown agencies, including:

- **British Columbia Securities Commission (BCSC)** The BCSC is an independent agency responsible for administering the *Securities Act* and regulating the securities market in British Columbia. BCSC supports the economic development of the province by maintaining a fair, competitive and efficient securities market that warrants public confidence.
- **Tourism British Columbia** Tourism British Columbia promotes the development and growth of the tourism industry by marketing, providing information and services to tourists and enhancing the professionalism of the tourism industry.
- **British Columbia Innovation Council** The recently established BC Innovation Council will foster province-wide economic development and enhance B.C.'s ability to compete on a global scale by providing one-stop access and support to high technology companies, educational institutions, technology industry awareness groups, federal science and technology agencies and university research labs.
- **Vancouver Convention Centre Expansion Project** The Vancouver Convention Centre Expansion Project was established to design and commission the development of new convention facilities at Canada Place. Additionally, it will serve to enhance Vancouver's tourism and convention opportunities.
- **BC Pavilion Corporation** PavCo is mandated to generate economic benefits for the province. Its core activity being the rental of space within its facilities for conventions, trade and consumer shows, as well as sporting and entertainment events.
- The minister is also responsible for the $15 million Northern Development Fund. The provincial government and Alcan each contributed $7.5 million to the fund, which is managed by the Nechako-Kitamaat Development Fund Society. The fund supports sustainable economic activity in northern communities affected by the creation of the Nechako Reservoir.

Core Business Areas

A key goal of government is to establish a strong and vibrant provincial economy.

To support this goal, the ministry has created five core business areas:

1. Improving British Columbia's Investment Climate and Competitiveness
2. Marketing and Promoting British Columbia
3. Enhancing Economic Development throughout British Columbia
4. B.C. Olympic Games Secretariat, Sport and Culture
5. Executive and Support Services

Core Business Area 1: Improving British Columbia's Investment Climate and Competitiveness

British Columbia competes with other jurisdictions for investment dollars, trade and jobs. The ministry delivers programs that help establish a business climate conducive to attracting investment and creating a prosperous economy. These include:

- Managing the government-wide regulatory reform initiative to cut red tape to reduce the regulatory burden and implement the ministry's three-year regulatory reform plan.
- Ensuring all regulations are developed according to 10 specific criteria that use a results-based regulatory design. This allows increased efficiencies, flexibility and innovation in compliance and enforcement of regulations.
- Delivering tax policy programs to assist small and medium-sized businesses throughout the province to access equity capital for business startup and expansion.
- Managing significant cross-government projects to enhance the province's competitiveness.
- Resolving trade issues to remove barriers to interprovincial and international trade.
- Evaluating options for improving B.C.'s tax competitiveness.
- Providing guidance to facilitation and information services for potential investors and small business startups and expansions.

Core Business Area 2: Enhancing Economic Development Throughout British Columbia

The government is committed to developing and implementing strategies to revitalize the economy and create greater economic diversification. The main strategies of the core business for enhancing economic development throughout British Columbia are:

- Drive the government-wide implementation of the Heartlands Economic Strategy.
- Remove barriers to key economic projects by providing guidance and facilitation services for investors.
- Work with local entrepreneurs and communities to identify and expedite new business investments in British Columbia's regions.
- Manage the Western Economic Partnership Agreement to support economic development in the province. Manage the British Columbia/Canada Infrastructure Program and

the Community Development Initiative to improve urban and rural local government infrastructure. Participate in board meetings of the Nechako-Kitamaat Development Fund Society to approve funding projects that enhance economic and community development in northwest British Columbia.

- Develop and implement a provincial tourism development strategy for British Columbia.
- Promote and market small business startup and growth resources available to entrepreneurs across British Columbia through Small Business BC, also known as Canada/British Columbia Business Service Society (CBCBSS).
- Lead the development and implementation of the BC Ports Strategy and multi-modal action plan with key port system partners.

Core Business Area 3: Marketing and Promoting British Columbia

For national and international investors, or for those wanting to visit the province, British Columbia offers tremendous opportunities. The main strategies for the core business of marketing and promoting British Columbia are:

- Implementing marketing initiatives to provide the framework for communicating British Columbia's advantages and opportunities.
- Showcasing British Columbia at important national and international trade and industry events.
- Planning and managing trade missions that provide the Premier and ministers with opportunities to profile British Columbia in key priority markets.
- Identifying marketing opportunities for British Columbia businesses and assisting the private sector to create networks, alliances and partnerships.
- Leading the marketing and promotion of British Columbia as a location for business investment and film and television production.

Core Business Area 4: B.C. Olympic Games Secretariat, Sport and Culture

The B.C. Olympic Games Secretariat leads this core business area. The secretariat's role is to provide the strategic leadership, co-ordination and oversight to ensure the province meets its financial, infrastructure and service commitments for the 2010 Winter Games. The secretariat also has a key role in ensuring that the social, economic and environmental opportunities associated with hosting an Olympic event are identified early. The secretariat plays a role in ensuring these opportunities are realized before, during and after the 2010 Winter Games and evolve into lasting legacies for communities and businesses around the province.

The primary strategies for this core business area are:

- Maximize the potential economic benefits of hosting the 2010 Vancouver Olympic and Paralympic Winter Games.
- Provide liaison and appropriate oversight of the Province's financial commitment to the 2010 Winter Games.
- Facilitate the provision of regional and provincial level training and services to athletes.

- Develop and implement components of the active sports, active communities and organized sport action plan so every community in B.C. has the opportunity to receive benefits from the 2010 Winter Games.
- Develop and administer policies that improve the competitiveness of provincial cultural industries and encourage the development of a sustainable arts and culture sector.
- Provide policy, program and administrative support for the B.C. Arts Council to contribute to the effectiveness of the council in meetings its objectives.

Core Business Area 5: Executive and Support Services

The primary role of this core business is to:

- Provide financial, human resources, records management and information systems support to the ministry.
- Support the offices of the minister, deputy minister.
- Contribute to the British Columbia Pavilion Corporation, Vancouver Convention and Exhibition Centre, B.C. Innovation Council and Leading Edge B.C.

Ministry Operating Context

The operating context is an assessment of the general economic environment that the ministry and business community faced during 2004/05. It includes an assessment of the key sectors that the ministry is responsible for, and describes some of the challenges and opportunities in 2004/05.

Business Sector Overview

In 2004, global competition among jurisdictions for foreign direct investment remained intense. Regardless, British Columbia had some notable successes in attracting new foreign investment over the fiscal year, including attracting four new contact call centres and creating over 1,600 new jobs. KPMG's latest Competitive Alternatives report showed that despite the appreciation of the Canadian dollar, British Columbia continued to enjoy a significant cost advantage over the United States and other G-7 locations in value-added manufacturing, business services and technology-based industries.

The global restructuring of production, trade and investment, along with the development of integrated global supply chains, provides both challenges and opportunities for British Columbia producers of goods and services. China and India have cemented their positions as major economic powers, resulting in a significant re-alignment of international trade and investment and considerable opportunities for the province and Canada.

As Canada's Gateway to the Pacific Rim, British Columbia has an opportunity to benefit from the global shifts in trade and investment patterns. Improvements to transportation infrastructure will be required to meet the increasing sea and air traffic between West Coast ports and the important markets of the region.

B.C. companies face increasing global competition and a growing tendency of some trading partners to protect their producers through unjustified trade actions. British Columbia has taken a leading national role in pressing for the reform of international trade remedy rules, including reducing the unfair, protectionist application of countervailing duty and antidumping trade actions through the World Trade Organization and NAFTA.

With assertive leadership and a highly competitive economy, British Columbia is increasingly seen as an important player in ongoing efforts to improve and benefit from international trade and investment relationships. In addition to commercial relations, the approaching 2010 Winter Games will provide an important profile for the province and its attributes.

Tourism

British Columbia's tourism industry was able to regain some of the momentum it lost in 2003 because of forest fires, SARS, mad cow disease and security concerns. About 500,000 more visitors came to the province, 22.4 million in 2004 compared to 21.9 million in 2003. Tourism industry revenues increased during the period from $9.2 billion to $9.4 billion.

The provincial government has set a goal to double tourism revenues over the next ten years. To support this, government introduced the spirit of 2010 tourism strategy on May 3, 2004, which established a framework for tourism development. The objectives of the strategy are to:

- Increase the number of visitors to B.C., particularly those with high spending ability;
- Increase tourism investment;
- Increase the use of existing tourism resources; and
- Leverage tourism opportunities associated with the 2010 Olympic and Paralympic Winter Games.

Vancouver, Whistler and the provincial and federal governments continued preparations to attract and host tourists before, during and after the 2010 Winter Games. The ministry will work closely with tourism marketing bodies, the tourism industry and the Vancouver Organizing Committee to ensure British Columbia is able to take full advantage of the profile gained from hosting the 2010 Winter Games.

The Resort Task Force, appointed in 2003, concluded its work and developed an action plan to enhance B.C.'s competitive edge in resort development and lead to the creation and expansion of resorts.

The Council of Tourism Associations of British Columbia, with assistance from the ministry, designed an insurance program to help bring down the rising costs of insurance to its members.

British Columbia continues to receive favourable reviews from international travelers. Conde Nast Traveler magazine named Vancouver Island as the best North American island and Vancouver as the best city in the Americas.

The announcement that China will negotiate Approved Destination Status with Canada will result in improved access to the Chinese tourism market for British Columbia.

Small Business

In 2004, Statistics Canada identified approximately 359,600 small businesses (employing less than 50 workers) in B.C. make up 97 per cent of all businesses in the province. According to BC Stats, an estimated 972,000 people were employed by these small businesses. This represents 57 per cent of all private sector jobs in the province.

Industry surveys in 2004/05 indicated British Columbia's small and medium-sized businesses are expressing the highest levels of confidence of all the provinces about their business performance in the next 12 months. These confidence levels confirm a positive trend that began in 2003/04 and suggest businesses are recovering from the challenges of 2002/03.

Working closely with small business stakeholders and creating a competitive business environment through the removal of barriers to growth continues to drive the ministry's small business agenda.

In 2004/05, the ministry created strategies for maximizing 2010 business opportunities for small and medium-sized businesses in British Columbia. Implementation of these strategies began in 2004/05 and will continue through to 2010.

Venture Capital

Since 2000, British Columbia has consistently received 10 to 13 per cent of the venture capital invested in Canada. Over the last five years, British Columbia received an average of $305 million annually from investors, with $2.2 billion in venture capital under management by the end of 2004.

Venture capital in British Columbia still faces a number of challenges. While early-stage companies have seen an increased share of investment capital in the last three years, expansion investments still account for a significant per cent of all venture capital transactions in British Columbia. Further, the innovation financing gap continues to increase with federal research spending increasing by $11 billion since 1998, while early stage financing has declined by $1.9 billion since 2000. This statistic reflects the acute shortage of early-stage or "seed" capital for new venture startups. The programs administered under the *Small Business Venture Capital Act* and the *Employee Investment Act* seek to address the innovation financing gap. The changes introduced to the *Small Business Venture Capital Act* in 2003 assisting early-stage small businesses to raise capital directly from qualified investors, continue to be embraced by the technology sector resulting in a significant increase in program activity. Last year, 137 small businesses and venture capital corporations raised $67 million for early stage investment under the venture capital programs. The popularity of the program continues in the current 2005 program year.

Regional economic development remains a priority. Approximately 98 per cent of all venture capital investment occurs within the boundaries of the Greater Vancouver Regional District

and the Capital Regional District. The primary challenge is to balance the need for attractive shareholder returns with the startup and expansion capital needs of emerging businesses in the regions. Again, the changes to the *Small Business Venture Capital Act* have lead to a record increase of venture capital in the regions with 34 per cent of the overall program activity taking place outside of the traditional locale of venture capital in the Lower Mainland.

Film and Television

In calendar 2004, a total of 194 motion picture productions resulted in approximately $801.2 million being spent in the province. This is a similar level of production to that of 2002, reinforcing that 2003 was an anomaly in terms of production value in British Columbia due to a few very large budget feature films. Though expenditures in the industry decreased in 2004, the number of productions increased in both domestic and foreign categories.

Production days for the first quarter of 2005 are up over the same period 2004 and production starts are up substantially when compared to the same period in 2004, which is an indication that the recently enhanced tax incentives have maintained and attracted film and television production to the province.

The competitiveness of the film industry remains a priority. The ministry has launched reviews of the provincial funding policy for regional film commissions, as well as of tax credits for the film industry as part of the government's strategy to improve this industry's ability to grow and compete globally.

Key Challenges

- **Local Events:** The economic impacts of mad-cow disease and avian flu continue to challenge the agriculture industry. However, despite ongoing concerns world-wide about air travel, visitor entries to Canada via B.C. borders were up 1.1 per cent in 2004, the first annual increase since 2000.
- **Strong Canadian Dollar:** The dollar rose 11 per cent in 2003 and a further eight per cent in 2004, forcing British Columbia's export-dependent industries to become even more competitive.
- **Mountain Pine Beetle Infestation:** British Columbia is currently experiencing the largest recorded mountain pine beetle outbreak in North America. This forest health epidemic is causing widespread mortality of lodgepole pine, the interior's most abundant commercial tree species.
- **United States Security and Trade Restrictions:** Some export dependent industries face market access risks from new and proposed United States anti-terrorism rules and heightened security at borders.
- **Forest Industry Challenges:** The ongoing softwood lumber dispute has caused economic challenges for British Columbia's forestry industry. The pulp and paper sector, particularly on the coast will continue to face competitive pressures from low-cost producers.

Key Opportunities

- **2010 Olympic and Paralympic Winter Games:** The 2010 Winter Games will open up new opportunities for investment attraction, trade development and awareness building along with increases in tourism. The Vancouver Organizing Committee will purchase almost $2 billion in goods and services to stage the games. In addition, an independent consulting firm estimates the games combined with the Vancouver Convention and Exhibition Centre could create up to 244,000 direct/indirect/induced person years of employment and result in an increase of billions of dollars in GDP.
- **British Columbia as a Gateway:** This refers to expanding ports and improving transportation infrastructure. British Columbia has achieved strong national support for improving its infrastructure, expanding capacity, increasing competitiveness and marketing services.
- **Asia Pacific emerging markets and trade:** The Province has long advocated for greater national attention on the importance of Asia as a trade, investment and cultural partner. B.C.'s efforts have resulted in recent federal government commitments and actions focusing on the goal of expanding trade, investment relations and tourism opportunities with the Asia Pacific economies, which also strengthens British Columbia's role as Canada's gateway to Asia.
- **Cost Advantages:** British Columbia enjoys significant cost advantages over the United States and other G7 locations, according to KPMG's 2003/04 latest competitive alternatives report, indicating the province's continuing attractiveness as a location for new business and investment.
- **Tourism and Resorts:** British Columbia's tourism industry continues to grow. The completion of the BC Resort Strategy and Action Plan will result in significant investment opportunities for the further development and enhancement of British Columbia's tourism and all-season resort industries. Increased funding for tourism marketing will increase British Columbia's profile in the lead up to the 2010 Olympic and Paralympic Winter Games. The Spirit of 2010 Tourism Strategy lays out actions aimed at doubling British Columbia's tourism industry over the next 10 years.
- **Small Business Sector:** British Columbia's small business sector (establishments under 50 employees) continues to grow and comprises almost 97 per cent of British Columbia's businesses. The small business sector is a key agent of job creation in the province.
- **Competitive Tax Environment:** British Columbia offers one of the lowest general business corporate income tax rates and small business rates in the country at 13.5 per cent, and 4.5 per cent respectively. The personal income tax regime results in the lowest rate of personal income tax on the first $80,000 of income of all the Canadian provinces.
- **Regulatory Reform and Deregulation:** A commitment to smart regulation and eliminating unnecessary red tape is making British Columbia an increasingly desirable location for businesses.
- **Eliminating Trade Barriers:** British Columbia is pushing ahead with eliminating barriers to internal and international trade. The province is viewed as a national leader in this area.

Update on *New Era* Commitments

The following table identifies the government's priorities for which the ministry is responsible and describes the current status of each priority.

***New Era* Commitments**	
Government Priority	**Comments**
Cut red-tape and regulatory burden by one-third within three years.	Complete: In 2004/05, the government exceeded its deregulation target with a reduction of over 143,000 regulatory requirements achieving a 37 per cent reduction.
Stimulate tourism with a plan to improve operators' ability to successfully compete for visitors from around the world.	Completed and began implementing of the spirit of 2010 tourism strategy. Completed the British Columbia resort strategy and action plan. Announced a doubling of marketing budget for Tourism BC to $50 million starting in 2005/06. Provided the Union of B.C. Municipalities with a one-time grant of $25 million for a five-year tourism marketing plan. Committed $12 million for regional tourism promotion ($2 million for each of the six regional destination marketing organizations) and an additional $2 million for a new Gateway Visitor Centre in Osoyoos.
Lead international 'Leading Edge' marketing missions to promote British Columbia technology and investment.	Ongoing: Trade missions and provincial participation in key international events have promoted British Columbia's investment opportunities. In 2004/05, trade and investment missions were organized to China and California.
Push to eliminate inter-provincial trade barriers.	Ongoing: British Columbia continues to lead other jurisdictions in Canada by being in full compliance with the Agreement on Internal Trade. Alberta has agreed to British Columbia's proposal to negotiate a comprehensive bi-lateral agreement on trade, investment and labour mobility. Draft framework agreement prepared for May 2004. Target for Final Agreement in late 2005.

Performance Reporting

Overview of Ministry Goals and Linkages to Government Strategic Goals

Synopsis of ministry results:

Ministry Goals	Ministry Key Objectives	Measures/Targets	Results
Improving our competitive position in the national and international economy.	Improve British Columbia's economic performance and diversification.	Six Venture Capital Fund Registrations	Six funds registered (achieved target)
		Eight per cent of venture capital holdings in B.C.	12 per cent of national holdings (exceeded target)
		$143 million in private capital raised and 110 businesses financed	$105 million raised (under target) and 191 businesses financed (exceeded target)
		36 per cent reduction in ministry regulatory requirements	36 per cent net cumulative reduction (achieved target)
	Improve British Columbia's competitiveness as a place to live, invest and do business.	Develop competitiveness indicators	Indicators developed (achieved target)
		Provide tax proposals	Tax proposals provided to minister (achieved target)
		Provide tax proposals	37 per cent net cumulative reduction (exceeded target)
		Reduce government-wide regulatory requirements by 33 per cent	

Ministry Goals	Ministry Key Objectives	Measures/Targets	Results
Increasing economic development throughout British Columbia, particularly in the Regions.	Facilitate economic growth throughout the province.	Six inbound investment projects	Six inbound investment projects (achieved target)
		1.17 million cruise ship passengers	1.23 million passengers (exceeded target)
		$385.3 million in room revenue	$414.7 million in room revenue (exceeded target)
		424,800 delegate days	534,852 days (exceeded target)
	Maximize federal/ provincial funding for our Heartlands.	Canada/BC Infrastructure Program funding committed by Spring 04	Funding committed by Nov. 04 (under target)
		$66 million Community Development Initiative	$66 million to communities by Mar. 31/05 (achieved target)
		$2.9 million Western Economic Partnership Funding from Province	$9.9 million in WEPA funding from Province (achieved target)
		Fund seven Regional Science and Technology Councils	Funding to science councils has continued (achieved target)
	Advocate on behalf of small business.	135,000 clients served by Canada/ British Columbia Business Services Society	127,438 transactions (under target)
		3,000 small businesses registered for 2010 business opportunities	2,200 businesses registered (under target)
Marketing British Columbia as a preferred place to live, visit, invest and do business.	Market British Columbia as a preferred location to visit, and for new and expanded trade and investment.	Eight trade missions/events promoting B.C. and attract 40 business delegations	Two trade/investment missions (under target) and 42 delegations attracted (exceeded target)
		Highest North American ranking for film production expenditure after New York and Los Angeles	Third place (achieved target)
		75 information packages provided in response to qualified investor enquiries	70 packages provided (under target)

Ministry Goals	Ministry Key Objectives	Measures/Targets	Results
The 2010 Olympic and Paralympic Winter Games are successful and leave a legacy for British Columbia.	The 2010 Olympics creates economic and social development opportunities before, during and after the games in an environmentally sustainable manner.	Implementation and performance plans for business investment, sports development	Implementing performance plans (achieved target)
British Columbians participate and excel in sport and culture.	British Columbians participate in physical activity and British Columbian athletes excel.	Five communities designated "Active Communities"	N/A (program transferred to Ministry of Health Services)
		British Columbia athletes excel, demonstrated by Team B.C. placement in Canada summer and winter games	N/A (no games held in 2004)
		British Columbia has high quality sport infrastructure — target is 19% of nationally carded athletes training in the province	21 per cent of carded athletes are from B.C. (exceeded target)
	British Columbia's cultural sector contributes to quality of life and economic development of communities.	Development of Centre for Not-for-Profit Sustainability supported	Centre is operational (achieved target)
		Sectoral strategy for sound recording developed	N/A (shift in strategic priorities)

The following tables identify the ministry's performance targets for each objective, core business and the actual result attained in 2004/05. Where appropriate, an explanation of any variances between targets and results is included.

Goal 1: Improving our competitive position in the national and international economy.

This goal focuses on enhancing British Columbia's business climate by developing strategies to improve the province's relative competitiveness in key areas of the economy.

Core Business 1: Improving British Columbia's investment climate and competitiveness

Objective 1.1: Improve British Columbia's economic performance and diversification

The ministry's strategies to improve economic performance and diversification were aimed at increasing the amount of venture capital available to small and medium-sized businesses, which enables businesses to grow, expand and diversify. In addition, the ministry continued its efforts to repeal outdated and obsolete legislation and regulations to make it easier and more efficient to raise capital, invest and do business in British Columbia.

Strategies

1. **British Columbia's share of venture capital** — Issued tax credits to resident investors who invested in registered venture capital funds, increased British Columbia's national share of venture capital holdings from five per cent to 10 per cent by 2006.
2. **Tax credit leverage** — Tax credits were issued to resident investors under legislated programs that levered up to $152 million of private capital for annual investment in a diversity of businesses, including technology, tourism and value-added sectors by 2006.
3. **Deregulation and Regulatory reform** — Continued to create a more competitive regulatory environment by maintaining a zero per cent increase in regulations through to 07/08.

Performance Measure	2004/05 Target	2004/05 Actual	Variance
Venture Capital Fund Registrations.	Six funds registered.	Achieved. Six funds registered.	Achieved target.
Venture Capital holdings in British Columbia.	$1.8 billion. (eight per cent of national holdings.)	$2.175 billion. (12 per cent of national holdings.)	Exceeded target.
Private capital raised and businesses financed.	$143 million. 110 businesses financed.	$105 million. Achieved. 191 businesses financed.	Under target[1]. Exceeded target by 81 businesses.
Ministry regulatory requirements.	36 per cent net cumulative reduction.	36 per cent net cumulative reduction.	Achieved target.

[1] The decrease in private capital raised resulted from poor market conditions in B.C.'s labour-sponsored fund sector.

Objective 1.2: Improve British Columbia's competitiveness as a place to live, invest and do business

This objective focused on improving the province's business competitiveness. Strategies were aimed at repealing outdated and obsolete legislation and regulations, as well as assessing and promoting options for enhancing British Columbia's tax competitiveness.

Strategies

1. **Economic Competitiveness** — Completed analysis and developed a strategy, options, performance measures and targets to improve British Columbia's competitiveness and investment growth.
2. **Tax competitiveness** — Analyzed, evaluated and prioritized options for improving British Columbia's tax competitiveness.

3. **Reduce the regulatory burden across government** — Reduced the regulatory burden and improved regulatory systems to create a more competitive business environment.
4. **Cross government smart regulation and enforcement** — Improved regulatory quality, competitiveness and accountability through government regulatory policy.

Performance Measure	2004/05 Target	2004/05 Actual	Variance
Competitiveness indicators.	Develop base data on competitiveness for each indicator.	Results Achieved. Data for indicators finalized Spring 04.	Achieved target.
Tax proposals.	Evaluate new tax measures and develop recommendations for minister by October, 2004.	Results Achieved. Recommendations provided to Minister of SBED.	Achieved target.
Government-wide regulatory requirements.	33 per cent net cumulative reduction.	Achieved. 37 per cent net cumulative reduction.	Exceeded target.

Goal 2: Increasing economic development throughout British Columbia, particularly in the Heartlands.

This goal focuses on fostering economic growth and diversification in all regions and sectors of the province.

Core Business 2: Enhancing economic development throughout British Columbia

Objective 2.1: Facilitate economic growth throughout the province

The ministry's strategies to facilitate economic growth focused on facilitating capital investment projects and on growing specific sectors, including tourism, convention centres and cruise line traffic.

Strategies

1. **Advance small business growth** — Ensured government policy, regulations and service delivery frameworks supported small business success.
2. **Inbound investments** — Facilitated inbound investment into high-growth, high-opportunity sectors.
3. **Provincial Tourism strategies** — Implemented strategies to promote British Columbia and achieved increases in tourism revenues.

Performance Measure	2004/05 Target	2004/05 Actual	Variance
Total number of inbound investment projects	Six additional projects.	Six projects.	Achieved target.
	$30 million/450 jobs.	30.5 million/1,600 jobs.	Exceeded target.
Increase Tourism Activity			
Total Cruise Passengers	1.17 million	1.23 million	Exceeded targets.
Total Room Revenue[1]	$393.2 million[2]	$414.7 million	
Total Delegate Days	424,800	534,852	

[1] Room revenue in the Thompson-Okanagan, Northern British Columbia and Kootenay Rockies Tourism.

[2] 2004/2005 target restated to reflect two per cent increase for 2003/2004 actual of $385.5 million.

Objective 2.2: Maximize federal/provincial funding for our Heartlands

This objective focused on maximizing British Columbia's share of federal funding under the Canada/British Columbia Infrastructure Program and the Western Economic Partnership Agreement. The ministry's strategies were aimed at efficiently distributing contributions to support business and infrastructure development, particularly in regional communities.

Strategies

1. **Canada/British Columbia Infrastructure Program** — Funded infrastructure projects that supported economic development in the regions.
2. **Community Development Initiative** — New inititiative established in third quarter of 2004/05. Funded community infrastructure projects throughout the province.
3. **Western Economic Partnership Agreement** — Funded economic development initiatives that recognized sectoral and regional needs.
4. **Funding for Regional Science and Technology Councils** — Funded science and innovation approaches for regional applications.

Performance Measure	2004/05 Target	2004/05 Actual	Variance
Canada/British Columbia Infrastructure Program project funding.	Manage contracts to distribute $66.5 million in federal/provincial funding to local governments and non-governmental organizations.	Managed 88 contracts to distribute $83 million in federal/provincial funding to local governments and non-governmental organizations.	Exceeded Target.
Community Development Initiative.[1]	Provide communities with $66 million in funding grants by March 31, 2005.	Provided $66 million to communities by March 31, 2005.	Target achieved.
Western Economic Partnership Agreement project funding — $50 million federal/provincial funding ($25 million provincial share over five years).	Commit 20 per cent of total program funds on approved projects.	Committed 45 per cent of total program funds ($22.5 million) on approved projects.	Exceeded Target.
Regional Science and Technology Councils funding.	Continue funding seven existing councils. Formalize a Northwest council by Spring 2004.	Achieved. Achieved. Northwest council held its first board meeting in March 2004.	Target achieved.

[1] New initiative established in third quarter of 2004/05.

Objective 2.3: Advocate on behalf of small business

Small businesses comprise approximately 97 per cent of British Columbia's businesses and are the primary source of job creation in the province. Consequently, economic growth within the small business sector is vital to the province's economic performance.

Strategies

1. **Canada/British Columbia Business Services Society** — Provided one-stop access to business information and tools for small business startup and expansion.
2. **Small business participation in 2010 Olympic and Paralympic Winter Games** — Ensured small businesses were informed of opportunities leading up to the 2010 Winter Games.

Performance Measure	2004/05 Target	2004/05 Actual	Variance
Number of clients served by Canada/ British Columbia Business Services Society.	135,000 transactions.	127,438 walk-in, phone, e-mail and fax transactions. 1,213,730 website visits.	7,562 less walk-in, phone, e-mail and fax transactions. Website visits increased to 610,261, up from 603,469 in 03/04.
Small business participation in Olympic business opportunities.	3,000 businesses registered for updates on 2010 opportunities.	2,200 businesses registered (as of April, 2005)[1].	Under target.

[1] 3,000 target to be met by June 15, 2005.

Goal 3: Marketing British Columbia as a preferred place to live, visit, invest and do business.

This goal focuses on strategic marketing to distinguish British Columbia from its competitors and communicate the province's advantages and opportunities to potential visitors and investors alike.

Objective 3.1: Market British Columbia as a preferred location to visit, and for new and expanded trade and investment.

The ministry developed strategies to market and promote the province's advantages and opportunities to increase trade and investment. One of the ministry's ongoing targets is the billion-dollar film and television industry. In addition, the ministry organized Premier's and ministers' trade and investment missions abroad, as well as in-coming trade delegations visiting British Columbia.

Core Business 3: Marketing and promoting British Columbia

Strategies

1. **Trade and investment promotion** — Organized trade missions and provincial participation in key international events to promote British Columbia.
2. **Promote British Columbia as a film and TV location** — Organized trade efforts to promote the province as a film and TV production location.
3. **Marketing and promotional strategies** — Developed marketing and promotional strategies with Invest British Columbia to promote awareness of competitive advantages and opportunities throughout the province.

Performance Measures	2004/05 Target	2004/05 Actual	Variance
Trade missions and key events promoting British Columbia.	Eight trade and investment visits led by Premier and/or ministers. 40 pre-qualified business delegations attracted.	Achieved. Two trade and investment missions. 42 delegations attracted. Six major events.	Under target[1]. Exceeded target.
Sales and marketing initiatives for film and TV industry.	Lead four sales and marketing efforts in the U.S. and one in emerging markets.	Lead five sales and marketing efforts in the U.S. and one in the emerging markets.	Exceeded target.
North American ranking of film production expenditure.	Maintained ranking of being largest service production centre in North America after Los Angeles and New York.	$801 million spent in B.C. Largest service production center in North America after Los Angeles and New York.	Achieved target.
Number of information packages provided in response to qualified investor enquiries.	75.	70.	Under target[2].

[1] During 2004/05, outbound ministerial missions were below target with two initiatives occurring during the period, including missions to China and the United States. Ministerial international travel is anticipated to return to target levels for 2005/06.

[2] The ministry provided customized information packages to 70 potential investors, five fewer than anticipated. There is continuing intense competition amongst jurisdictions worldwide for direct investment dollars.

Goal 4: The 2010 Olympic and Paralympic Winter Games are successful and leave a legacy for British Columbia.

This goal focuses on maximizing the economic and social benefits to British Columbia while minimizing potential risks of hosting the Vancouver 2010 Olympic and Paralympic Winter Games.

Core Business: British Columbia Games Secretariat, Sport and Culture

Objective 4.1: The 2010 Winter Games creates economic and social development opportunities before, during and after the 2010 Winter Games in an environmentally sustainable manner.

Government began the initial stages of planning to maximize the benefits of hosting the 2010 Winter Games. New measures were added to capture a target over the past year of working with sport, community and inter-ministry partners to implement plans for: business investment, sport and health development, youth participation, resorts and Olympic live sites.

Strategies

1. **Maximize economic benefits** — Continue to implement strategies that maximize the potential economic benefits of hosting the 2010 Olympic and Paralympic Winter Games.
2. **Maximize participation** — Will continue to implement strategies that maximize participation, equity, inclusiveness and accessibility for all British Columbians before, during and after the 2010 Winter Games.

Performance Measure	2004/05 Target	2004/05 Actual	Variance
Implementation and performance plans for business investment, sports development.	Business Investment Plan, and Sport Development Plan launched.	Implementing performance plans.	Achieved target.

Goal 5: British Columbians participate and excel in sport and culture.

Winning the Olympic bid has placed a new profile on the province's sport and physical activity. There will be renewed appetite for achieving excellence and participation in sport in British Columbia. In addition, the arts and cultural sector is a rapidly growing component of the provincial economy. This goal focuses on increasing participation in sports, and the development of arts and culture.

Core Business Area: BC Olympic Games Secretariat, Sports and Culture

Objective 5.1: British Columbians participate in physical activity and British Columbian athletes excel.

Physical activity is a key component of health and quality of life for British Columbia's citizens. Increased participation in physical activity was encouraged through a number of strategies, most of which were done in co-operation with a number of other agencies.

Strategies:

1. **Active Schools, Active Communities** — Developed and implemented components of the active schools, active communities and organized sport action plans.
2. **Athletes Training** — Facilitated the provision of regional and provincial level training and services to athletes.

Performance Measure	2004/05 Target	2004/05 Actual	Variance
Number of communities designated "Active Communities".	Five communities.	Not applicable.	This program was transferred to the Ministry of Health Services' ActNow Initiative.
British Columbia athletes excel, demonstrated by Team B.C. placement in Canada summer and winter games.	No games held in 2004.	Not applicable.	Not applicable.
British Columbia has high quality sport infrastructure as measured by the proportions of nationally carded athletes training in the province[1].	19 per cent.	21 per cent (255 B.C. athletes of 1,209 carded athletes in Nov. 2004).	Exceeded target.

[1] Number of nationally-carded athletes attracted to British Columbia provides evidence of the quality and range of sports facilities and training capacity. Of 1,331 athletes funded by Sports Canada in 2003, 18 per cent (or 235) train in British Columbia.

Objective 5.2: British Columbia's cultural sector contributes to quality of life and economic development of communities.

Cultural activity is one of the key pillars of a healthy community and an active cultural sector is part of a creative, information-based society. The ministry develops and administers policies that support the arts and cultural sector, in addition to supporting the B.C. Arts Council and Legacies Now.

Strategies

1. **British Columbia Arts Council** — Completed program review to identify program and funding priorities for British Columbia Arts Council.
2. **Sustainable Arts and Culture** — Developed and administered policies that encourage the development of a sustainable arts and culture sector.
3. **Competitiveness of Cultural industries** — Developed options to improve the competitiveness of provincial cultural industries.

Performance Measure	2004/05 Target	2004/05 Actual	Variance
Sustainable Arts and Culture Sector. Sustainability supported.	Financial model developed.	Development of Centre for Not-for profit is operational and delivering programs.	Target achieved.
Sectoral strategy for sound recording industry developed.	Strategy developed by Fall 2004.	The project did not proceed due to a shift in strategic priorities.	Not applicable.

Deregulation and Regulatory Reform

The Ministry of Small Business and Economic Development achieved its ministry target by reducing its own regulatory burden by 36 per cent. As of March 31, 2005 the ministry has maintained a target of zero per cent increase in regulatory burden.

The regulatory reform office in the Ministry of Small Business and Economic Development successfully managed the government deregulation initiative exceeding its 33 per cent deregulation target with a net reduction of 143,000 in regulatory requirements. This achievement, under British Columbia's innovative and comprehensive deregulation framework, reinforces that British Columbia is regulating sensibly and thoughtfully, and B.C. encourages prosperity, innovation and enterprise across the province.

As of March 31, 2005 the government has met its more recent target of a zero per cent net increase in new regulations. British Columbia is also imposing rigorous performance standards with tough measurable targets for regulatory reform that will promote smart, effective and efficient regulation. Top priorities are regulations with the most direct impact on competitiveness. Major strides have been made in the areas of employment standards, liquor control and licensing, land use management, and the resource sectors. Many of the changes exemplify the shift towards results-based regulation that will encourage innovation and competitiveness. All ministries and agencies across government are striving for smarter regulation and streamlining to make it easier for all British Columbians to interact with government, and help create new opportunities in all economic sectors across the province.

Report on Resources

This section provides information on the ministry's operating expenditures, FTE staff allocation, and capital expenditures.

The table below shows operating information for each core business and is consistent with the Service Plan — 2004/05 to 2006/07.

2004/05 Resource Summary

Table 1: Service Plan

	Estimated[1]	Other Authorizations	Total	Actual	Variance (Actual minus Total Estimated)[2]
Operating Expenses ($000)					
Improving British Columbia's Investment Climate and Competitiveness	3,891	0	3,891	3,098	(793)
Enhancing Economic Development Throughout British Columbia	19,142	86,655	105,797	106,182	385
Marketing and Promoting British Columbia	2,806	0	2,806	8,080	5,274
BC Olympic Games Secretariat, Sport and Culture	30,503	81,146	111,649	108,260	(3,389)
Executive and Support Services	86,672	17,556	104,228	102,246	(1,982)
Total	**143,014**	**185,357**	**328,371**	**327,866**	**(505)**

[1] Estimated amounts correspond to the *Estimates* presented to the Legislature on February 17, 2004.

[2] Variance display convention has been changed this year to be consistent with the change introduced in public accounts. Variance is in all cases "Actual" minus "Total Estimates". Where the Actual is greater the Variance is displayed without brackets.

	Estimated[1]	Other Authorizations	Total	Actual	Variance (Actual minus Total Estimated)[2]
Full-time Equivalents (FTEs)					
Improving British Columbia's Investment Climate and Competitiveness	47	0	47	47	0
Enhancing Economic Development Throughout British Columbia	13	0	13	13	0
Marketing and Promoting British Columbia	30	0	30	30	0
BC Olympic Games Secretariat, Sport and Culture	36	0	36	25	(11)
Executive and Support Services	31	0	31	31	0
Total	**157**	**0**	**157**	**146**	**(11)**
Ministry Capital Expenditures (CRF) ($000)					
Improving British Columbia's Investment Climate and Competitiveness	75	0	75	75	0
Enhancing Economic Development Throughout British Columbia	0	0	0	0	0
Marketing and Promoting British Columbia	50	0	50	47	3
BC Olympic Games Secretariat, Sport and Culture	70	0	70	117	47
Executive and Support Services	275	0	275	133	(142)
Total	**470**	**0**	**470**	**372**	**(98)**

[1] Estimated amounts correspond to the *Estimates* presented to the Legislature on February 17, 2004.

[2] Variance display convention has been changed this year to be consistent with the change introduced in public accounts. Variance is in all cases "Actual" minus "Total Estimates". Where the Actual is greater the Variance is displayed without brackets.

Explanations and Commentary

In addition to SBED's approved estimates budget of $143.014 million, the ministry received $5.46 million in funding from the contingencies vote to cover costs of the following activities: $0.56 million for employee leave liability, $0.95 million for security costs associated with the 2010 Olympic and Paralympic Winter Games and $3.95 million for grants and contributions to various organizations in the province.

Through the supplementary estimates process, the ministry also received $162.9 million in funding for reallocation of 2010 Winter Games venue funding ($30.0 million), grants to promote sports initiatives ($25.0 million), infrastructure grants ($68.9 million), tourism initiative grants ($14.0 million) and arts and culture grants ($25.0 million).

Operating Expenses includes $17.0 million made available through the *Northern Development Initiative Trust Act*. PAVCO prepares separate financial statements and Service Plan Reports.

Annual Report Appendices

Crowns, Agencies, Boards and Commissions Reporting to the Minister of Small Business and Economic Development

BC Pavilion Corporation

British Columbia Enterprise Corporation (not active)

British Columbia Securities Commission

Motor Dealer Customer Compensation Fund Board

Nechako-Kitimaat Development Fund Society

Innovation and Science Council of British Columbia (operating as the B.C. Innovation Council)

Tourism British Columbia

Vancouver Trade and Convention Centre Authority

Vancouver Convention Centre Expansion Project Ltd.

B.C. Arts Council

B.C. Competition Council

Legislation Administered by the Ministry of Small Business and Economic Development

B.C. Arts Council Act

B.C. Alcan Northern Development Fund Act

British Columbia Enterprise Corporation Act

Builders Lien Act

Business Paper Reduction Act

Community Financial Services Act

Employee Investment Act

Hotel Guest Registration Act

Hotel Keepers Act

Ministry of International Business and Immigration Act, except immigration provisions

Motor Dealer Act

Science Council Act

Securities Act

Securities (Forged Transfer) Act

Significant Projects Streamlining Act

Small Business Venture Capital Act

Special Accounts Appropriation and Control Act ss.8 and 9

Telephone (Rural) Act

Tourism Act

Tourism British Columbia Act

Travel Regulation Act

Vancouver Tourism Levy Enabling Act